

**STATE OF ILLINOIS**

**ILLINOIS COMMERCE COMMISSION**

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| <b>Illinois Commerce Commission</b>            | : |                |
| <b>On Its Own Motion</b>                       | : |                |
| <b>-vs-</b>                                    | : |                |
| <b>Central Illinois Public Service Company</b> | : |                |
| <b>d/b/a AmerenCIPS</b>                        | : | <b>07-0112</b> |
|  | : |                |
| <b>Reconciliation of revenues collected</b>    | : |                |
| <b>under Coal Tar riders with prudent</b>      | : |                |
| <b>costs associated with coal tar clean up</b> | : |                |
| <b>expenditures.</b>                           | : |                |

**ORDER**

By the Commission:

On February 7, 2007, the Illinois Commerce Commission ("Commission") entered an Order Commencing Reconciliation Proceedings directing Central Illinois Public Service Company d/b/a AmerenCIPS ("CIPS") to present evidence reconciling revenues collected under its coal tar remediation riders with prudently incurred costs of coal tar remediation activities. The relevant riders concerning CIPS' gas and electric business are its Gas Environmental Adjustment Clause ("GEAC") and Electric Environmental Adjustment Clause ("EEAC"), respectively. The applicable reconciliation period is from January 1, 2006 through December 31, 2006 ("Reconciliation Period").

In compliance with the Commission's February 7, 2007 order and 83 Ill. Adm. Code 255, CIPS filed with the Commission a list of all Illinois municipalities within which it provides electric or gas service. Thereafter, CIPS filed testimony and exhibits summarizing remediation activities conducted at its manufactured gas plant ("MGP") sites along with an accounting of revenues collected and costs incurred in connection with its sites. CIPS published notice of the filing in newspapers having general circulation in its service territory as required. AmerenCIPS Exhibit 1.5 consists of the Certificates of Publication for those notices.

Pursuant to due notice, hearings were held before a duly authorized Administrative Law Judge of the Commission at its offices in Springfield on May 16 and September 19, 2007. Appearances were entered by Commission Staff ("Staff") and counsel for CIPS. No petitions to intervene were filed. Leonard Mans, Ameren Services Company's Managing Supervisor of General Ledger in the Controller's Function, and Donald Richardson, a Consulting Environmental Engineer in the Waste Management Section of Ameren Services Company's Environmental, Safety, and

Health Department, testified on behalf of CIPS.<sup>1</sup> Bonita Pearce, an Accountant in the Accounting Department of the Financial Analysis Division of the Commission's Bureau of Public Utilities, testified on behalf of Staff. At the conclusion of the latter hearing, the record was marked "Heard and Taken."

In reconciling its remediation costs with revenues collected under the GEAC and EEAC, CIPS distinguishes between the traditional Illinois service territories of itself and its affiliate Union Electric Company d/b/a AmerenUE ("UE"). CIPS incorporated the Illinois territory of UE into its own in 2005. The former UE territory is referred to herein as the CIPS Metro East territory.

As set forth by Mr. Mans and Mr. Richardson, CIPS has identified 14 MGP sites in the CIPS territory and one MGP site in the CIPS Metro East territory for which it has and will continue to incur environmental cleanup costs as a potentially responsible party under federal and state law. The 14 CIPS sites are located throughout CIPS' service territory while the lone CIPS Metro East site is located in Alton, Illinois. AmerenCIPS Exhibit 2.0 describes each MGP site. According to his testimony, Mr. Mans is responsible for calculating and filing with the Commission CIPS' monthly information and annual reconciliation report required by CIPS' EEAC and GEAC. Mr. Mans sponsors CIPS' reconciliation statements for 2006 which have been marked as AmerenCIPS Exhibit 1.1 Revised and AmerenCIPS Metro East Exhibit 1.1. With regard to both the CIPS and CIPS Metro East territories, Mr. Mans states that the reconciled amounts will be carried forward into the 2007 EEAC and GEAC calculations.

AmerenCIPS Exhibit 1.1 Revised identifies at which of CIPS' 14 MGP sites it incurred remediation costs during 2006. Altogether, CIPS incurred \$2,249,839 in MGP expenses and recovered \$2,272,448 under the EEAC and GEAC in 2006. CIPS also received \$735 in insurance recoveries in 2006. Accordingly, CIPS calculates an over recovery of \$23,344 during 2006. Upon taking into account the over recovery from 2005, the total over recovery at the end of 2006 amounts to \$31,453.

AmerenCIPS Metro East Exhibit 1.1 indicates that CIPS incurred remediation costs amounting to \$95,339 at the Alton MGP site during 2006. Pursuant to the EEAC and GEAC but after certain refunds, CIPS' Metro East customers still owed CIPS \$232,194. Combined, CIPS reports an under recovery for the Metro East territory of \$327,533. Upon taking into account the over recovery from 2005 amounting to \$679,956, however, the end result for the Metro East territory is an over recovery of \$352,423 at the end of 2006.

Mr. Richardson testifies as to the status of the environmental activities conducted at the MGP sites. He explains that under the Comprehensive Environmental Response Compensation and Liability Act, 42 USC 9601 et seq., and Illinois Environmental Protection Act, 415 ILCS 5/1 et seq., liability for the cost of remediating MGP sites

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<sup>1</sup> Ameren Services Company is a subsidiary of Ameren Corporation, the parent company of CIPS. Ameren Services Company provides subsidiary companies of Ameren Corporation with a variety of administrative, management, and support services, including accounting services.

extends to any current owner of an MGP site, any entity that owned or operated an MGP site, any entity that owned or operated an MGP site at the time of disposal, and any successor in interest to such entities. As a result of its ownership interests, CIPS is responsible for remediation at the sites. Mr. Richardson also generally describes CIPS' approach to MGP site cleanup. He testifies that all work is performed in consultation with the Illinois Environmental Protection Agency and in accordance with the requirements of the Illinois Pollution Control Board's Tiered Approach to Corrective Action Objectives. Mr. Richardson asserts further that the environmental costs incurred by CIPS at its MGP sites were prudently incurred. CIPS introduced into evidence its responses to Staff data requests, as requested by Staff.

In addition to her review of CIPS' filings, Ms. Pearce issued data requests to CIPS concerning the revenues collected under the EEAC and GEAC and costs recoverable under the riders. Ms. Pearce states that based upon her review using the four prudence standards set by the Commission in the Order in Docket Nos. 91-0080 through 91-0095 (Cons.), she found no reason to object to the prudence of the expenditures made by CIPS as reflected in AmerenCIPS Exhibit 1.1 Revised and AmerenCIPS Metro East Exhibit 1.1. As a result of her review, she recommends the approval of CIPS' annual report as reflected in the aforementioned exhibits.

The Commission, having considered the entire record and being fully advised in the premises, is of the opinion and finds that:

- (1) CIPS is a corporation engaged in the distribution of electricity and natural gas to the public in Illinois and, as such, is a public utility within the meaning of the Public Utilities Act ("Act"), 220 ILCS 5/1-101 et seq.;
- (2) the Commission has jurisdiction over CIPS and of the subject matter of this proceeding;
- (3) the statements of fact set forth in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact;
- (4) the evidence shows that during the Reconciliation Period, CIPS acted reasonably and prudently regarding remediation activities at its MGP sites;
- (5) as set forth in AmerenCIPS Exhibit 1.1 Revised, cumulative totals, net of insurance settlements, reflect expenses through December 31, 2006 of \$60,523,582.42 and recoveries of \$60,555,035.80, resulting in a cumulative over recovery of \$31,453.38 for the 14 MGP sites in the traditional CIPS service territory;
- (6) as set forth in AmerenCIPS Metro East Exhibit 1.1, cumulative totals, net of insurance settlements, reflect expenses through December 31, 2006 of \$853,858 and recoveries of \$1,206,281, resulting in a cumulative over

recovery of \$352,423 for the single MGP site in the traditional UE service territory;

- (7) the cumulative over recoveries at December 31, 2006 for both the CIPS and CIPS Metro East service territories should be carried forward into the 2007 EEAC and GEAC calculations.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that the reconciliation submitted by Central Illinois Public Service Company d/b/a AmerenCIPS of the revenues collected under its Gas Environmental Adjustment Clause and Electric Environmental Adjustment Clause with costs prudently incurred for environmental activities for calendar year 2006 is hereby approved as reflected in the attached Appendix.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By order of the Commission this 11<sup>th</sup> day of October, 2007.

(SIGNED) CHARLES E. BOX

Chairman